

HB 374: Increasing the BSA

House Education Committee

Background

- Realistic funding for education requires two bills:
 1. Increasing the BSA
 2. Operating budget
- Flat funded for a decade prior to last year
- HB 57 – passed
 - Increase in statute: \$700
 - Increase necessary to have restored purchasing power: \$1,800
- Inflation and rising fixed costs have outpaced funding

Rising Costs & Insurance

Since 2020:

- Property insurance has risen by 42% in Anchorage
- Liability insurance has risen by 139% in Anchorage
- Health benefit costs have risen by 33% in Kuspuk
- Energy costs have risen by 45% in Sitka
- Aging infrastructure requires more maintenance
- CPI has risen 20%*

**Bureau of Labor Statistics CPI for Urban Alaska*

Alaska Reads Act & CTE

- State mandated without full state funding
- Districts pick up the costs of reading intervention plans, early literacy instruction, and associated opportunity costs
- CTE materials and classroom equipment are often more expensive
- Hiring industry professionals is expensive

Example: Kuspuk School District spent \$403,763 on year 1 implementation of the AK Reads Act

Teacher Recruitment & Retention

- Anchorage: Nearly 88% of annual budget goes towards staff wages and benefits
- Wage increases are built into salary schedules
 - Fixed cost for districts
- Lack of competitive benefits = 28% teacher turnover rate in Alaska
- More cost-effective to implement retention measures than to continuously recruit and train new educators
 - Retention improves student outcomes

Dropping Enrollment

Student Enrollment

School Year	Statewide
15-16	129588
16-17	129969
17-18	129790
18-19	128800
19-20	128589
20-21	126876
21-22	127509
22-23	128088
23-24	127931
24-25	126284
25-26	125317
	-3%

Anchorage: -15%

Mat-Su: +8%

Fairbanks: -19%

Kenai: -8%

Juneau: -18%

Kodiak: -18%

Bering Strait: -4%

Sitka: -21%

Kuspuk: -20%

Yukon Flats: -26%

Source: Alaska Department of Education and Early Development

Calculation

- **Mean Increase Needed = \$630**
- Current BSA + Mean Increase Needed
- $\$6,660 + \$630 = \$7,290$

District	Projected FY27 Deficit (\$)	BSA Increase Needed (\$)
Anchorage	90,000,000	1,279
Juneau	6,700,000	823
Mat-Su	23,000,000	652
Kenai	8,500,000	511
Fairbanks	+2,600,000	-117

District Needs: Met or Unmet?

District	Projected FY27 Deficit	\$630 BSA Increase Provides
Anchorage	90M	44.4M
Juneau	6.7M	5.1M
Mat-Su	23M	22.2M
Kenai	8.5M	10.5M
Fairbanks	+2.6M	14M

What will it look like next year to be short \$1,000,000? \$2,000,000? \$45,000,000?

Thank You

